

**ENBRIDGE ENERGY PARTNERS, L.P. AND
ENBRIDGE ENERGY, LIMITED PARTNERSHIP**

ILLINOIS COMMERCE COMMISSION

DOCKET NO. 06-0470

TESTIMONY OF

DALE W. BURGESS, P. ENG.

DIRECTOR

SOUTHERN ACCESS EXPANSION PROGRAM

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3 DIRECTOR

4 SOUTHERN ACCESS EXPANSION PROGRAM

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6 1Q. PLEASE STATE YOUR NAME, PRESENT POSITION, AND BUSINESS ADDRESS.

7 A. My name is Dale W. Burgess. I am Director, Southern Access Expansion Program. My
8 business address is Enbridge Pipelines Inc., 10201 Jasper Avenue, Edmonton, Alberta,
9 Canada T5J 3N7.

10
11 2Q. WOULD YOU BRIEFLY DESCRIBE FOR THE RECORD YOUR EDUCATIONAL
12 AND PROFESSIONAL BACKGROUND?

13 A. I graduated from the University of Saskatchewan, Saskatoon, Saskatchewan, Canada in
14 1981 with a Bachelor of Science degree in Mechanical Engineering. My post-graduate
15 work was done at the University of Regina in Saskatchewan and at Queen's University in
16 Kingston, Ontario. I am a licensed professional engineer in The Association of
17 Professional Engineers, Geologists, and Geophysicists of Alberta. After college, I
18 worked for a number of years as an engineer for the Saskatchewan Power Corporation,
19 specializing in power generating stations, and then joined what is now Enbridge Pipelines
20 in 1987. I have held a number of engineering positions with Enbridge Pipelines
21 involving pipeline design and construction projects and have also had management
22 responsibility for pipeline operations in the United States and Canada, having been
23 Manager (1998-1999) of our Superior District and then of our Eastern Region (1999-

2001). After a stint (2002-2003) as Director of Supplier Management for all Enbridge, Inc. entities, I returned to Enbridge Pipelines in September of 2003 to oversee the development of new pipeline expansion projects, including the Southern Access Pipeline project, and was named Director thereof in January 2006. As is noted in the Application herein, Applicants Enbridge Energy Partners, L.P. and Enbridge Energy, Limited Partnership own the United States portion of an operationally integrated pipeline system that transports crude petroleum from western Canada to the United States and eastern Canada. Enbridge Pipelines, Inc., a subsidiary of Enbridge, Inc., is an affiliate of the Applicants and works with them in the operation of the pipeline system. Together Enbridge Pipelines, Inc. and Enbridge Energy, Limited Partnership are responsible for the expansion of the pipeline system described in the Application, which as noted involves construction of new pipeline facilities in Canada and the United States, specifically in Wisconsin and Illinois. In my present position as Director of the Southern Access Expansion Program, I am responsible for the construction of the new crude oil pipeline facilities encompassed by the project. As well, I am responsible for coordinating the Southern Access work with the construction of the diluent pipeline referred to as the Southern Lights Project. And, as Director, I am responsible for representing the Applicants in matters such as this.

45 3Q. IN THE APPLICATION, VARIOUS BUSINESS ENTITIES ARE IDENTIFIED AND
46 THEIR RELATIONSHIPS DESCRIBED. IS IT EXPEDIENT TO REFER TO THEM
47 COLLECTIVELY AS "ENBRIDGE?"

48 A. I believe so. The integrated system is commonly referenced as "Enbridge" and it will
49 facilitate my testimony to use that reference. If for any reason there is a need to
50 distinguish the entities, I will do so.

51
52 4Q. ARE YOU THE SAME INDIVIDUAL THAT VERIFIED THE APPLICATION FILED
53 HEREIN ON JUNE 28, 2006?

54 A. I am.

55
56 5Q. ARE THERE ANY CHANGES OR CORRECTIONS TO THE APPLICATION THAT
57 SHOULD BE NOTED?

58 A. On September 20, 2006, our "First Amendment" to the Application was filed. This
59 followed the initial hearing in this docket and reflected our decision to act in the interest
60 of economy and efficiency of proceedings before the Commission by requesting, in
61 addition to certification under the Common Carrier by Pipeline Law, authorization under
62 the Public Utilities Act to construct the facilities described in the Application as well as
63 authorization when necessary in the construction of the pipeline systems to take private
64 property under the law of eminent domain. In addition, that amendment provided that the
65 temporary workspace areas required for the Stage 2 construction of the Southern Access
66 project would be ninety (90) feet in width rather than the eighty (80) feet originally
67 described. I would note as well that it has now been decided that the diluent pipeline

involved in the Southern Lights Project will in fact be twenty (20)-inches in outside diameter; the Application describes it as "planned to be sixteen to twenty inches." (Application at 11). This is more a clarification than a change but I wanted to mention it because, as I will discuss, the support received by Enbridge for the construction of the diluent line -- Southern Lights -- has warranted the use of the larger pipe.

6Q. WITH THOSE AMENDMENTS AND CLARIFICATIONS, DO YOU ADOPT THE APPLICATION OF JUNE 28, 2006 AS PART OF YOUR TESTIMONY IN THIS PROCEEDING?

A. In the interest of efficiency, I do. I note, however, that I am not testifying to any legal assertions in the Application. A copy of the Application (without its attachments) is appended to this testimony as Attachment A.

7Q. WOULD YOU BRIEFLY REPRISE THE FACILITIES ENBRIDGE INTENDS TO CONSTRUCT AS PART OF THE SOUTHERN ACCESS EXPANSION PROGRAM AND THE SOUTHERN LIGHTS PROJECT?

A. Certainly. As noted in the Application, the Southern Access Expansion Program involves the construction of a new 42-inch (outside diameter) pipeline extending from Superior, Wisconsin, where Enbridge has a storage terminal, to an area in Livingston County near Pontiac, Illinois where Enbridge has a pipeline breakout storage facility -- the Flanagan Tank Farm -- and an existing pipeline -- the Spearhead System -- to which the new line will connect. The 42-inch line will transport crude petroleum from western Canadian and other sources south to Illinois and other areas, hence the "Southern Access" description.

It will be constructed using API 5L Grade X70 steel fabricated in its Regina, Saskatchewan pipe mill by Ipsco Inc. of Lisle, Illinois, a highly experienced and qualified manufacturer of steel pipe, and will be protected against corrosion by a fusion-bonded epoxy coating as well as a state-of-the-art cathodic protection system. Depending upon site conditions and criteria, the Southern Access pipeline will range in wall thickness from 0.422 inch to 0.625 inch. Similarly, the Southern Lights pipeline, which will carry liquid hydrocarbons north to Alberta for use as diluents in the production of crude oil from Alberta's oil sands, will be, as I noted, a 20-inch (outside diameter) line and it will also be API 5L Grade X70 steel pipe manufactured by Ipsco, Inc. with a wall thickness ranging from 0.250 inch to 0.500 inch. These grade and thickness standards have been selected to create substantial safety margins above the minimum yield strength of each pipe required by industry codes and regulatory requirements for their respective maximum operating pressures (Southern Access -- 1021 psi; Southern Lights -- 1250 psi). As described in the Application, substantial parts of these two pipelines will be located in Illinois. In addition, Enbridge will construct a new pump station in Wisconsin to serve the 42-inch crude line and two pump stations in Illinois to serve the diluent line. As part of the Southern Access program, Enbridge will also expand its existing system upstream (west) of Superior by installing 120,000 barrels per day (bpd) of additional pumping capacity.

8Q. WHY IS ENBRIDGE UNDERTAKING THIS EXPANSION PROGRAM?

A. As discussed in the Application and in other testimony being submitted concurrently with mine, there is a great and growing demand for refined petroleum products in Illinois and

114 other parts of the United States that Enbridge serves or can serve. Satisfying that need
115 requires adequate, reliable, and economic supplies of crude petroleum that can be
116 processed by refineries into the myriad of consumer-demanded products needed in
117 Illinois and elsewhere. As population grows and economic activity increases, the need
118 and demand for crude petroleum will continue to grow, as it has historically and as all
119 forecasts confirm. Canadian crude oil has long been a major component of satisfying that
120 need and demand in Illinois and elsewhere, and Enbridge -- or its predecessors -- has long
121 served to furnish the essential link between that supply source and the consuming public -
122 - i.e., transportation by common carrier pipeline. As a common carrier, Enbridge has a
123 duty to provide adequate and efficient transportation service for producers, shippers, and
124 users who request it. The Southern Access Expansion Program and the related Southern
125 Lights Project are the continuation of Enbridge's commitment to fulfilling that duty, as it
126 has done for over fifty years. To meet this obligation, new facilities -- the pipelines,
127 pump stations, and associated systems -- must be constructed to transport the increased
128 volumes of Canadian crude demanded in Illinois and other Midwestern states. Given the
129 overall level of demand in the market, the increasing preferences of refiners for
130 Canadian-sourced crude petroleum, the decline in on-shore domestic production, and the
131 uncertainty of other worldwide supply sources, the existing pipeline transport facilities
132 will not be sufficient to meet the needs in the future, and so the new lines are needed, the
133 42-inch line to transport up to 400,000 bpd of increased supply and the diluent line to
134 transport the light liquid hydrocarbons utilized in the production of crude from the
135 Alberta oil sands. Now, of course, Enbridge also expects to benefit commercially from
136 expanding its transportation system but, as noted in the Application, Enbridge functions

strictly as an interstate common carrier pipeline system providing transportation service at rates filed with and regulated by the Federal Energy Regulatory Commission (FERC) in the United States and the National Energy Board (NEB) in Canada.

9Q. WHY DOES ENBRIDGE BELIEVE THERE IS A PUBLIC NEED FOR THE PROPOSED FACILITIES?

A. Basically for all the reasons set forth in the Application and in the testimonies of Professor Cicchetti (Ex. 3), Mr. Earnest (Ex. 4), Mr. Rhoades (Ex. 5), Mr. Jernigan (Ex. 6), and Mr. Cook (Ex. 7). Moreover, the market and public response to our expansion program demonstrate as well that our planned facilities are needed and will be used and useful in satisfying the public need for petroleum products. Thus, prior to committing irrevocably to building a 42-inch crude line and a 20-inch diluent line, Enbridge conducted what are referred to in the industry as "open-seasons," that is the solicitation of expressions of interest in and support of the use of the proposed transport capacity by producers and shippers of crude petroleum and light liquid hydrocarbons. For both lines, the response was so substantial that they warranted the investment required for the larger lines (the crude line had originally been conceived as a 30-inch line, and as discussed, the initial planning for the diluent line contemplated either a 16-inch or a 20-inch line; market response following the open-season for the Southern Lights line made clear that the larger, 20-inch line would be needed). Another indication of the need for the proposed crude petroleum line is the fact that all of the shippers expected to use the line, through the Canadian Associate of Petroleum Producers (CAPP), have supported its construction and agreed with Enbridge to necessary tariff modifications and charges for

the project (the NEB and FERC have accepted and approved such provisions). Furthermore, since Enbridge announced its expansion program and filed the Application herein, numerous industry, civic, and public entities have come forward to support the concept and to urge this Commission to grant the requested authorizations. Thus letters of support for our project have been submitted to the Commission by the United States Department of Energy; the Illinois Petroleum Council; the Illinois Petroleum Marketers Association; the Illinois Midwest Truckers Association, Inc.; the Illinois Chamber of Commerce; United Airlines; the Association of Oil Pipelines; the American Petroleum Institute (API); American Airlines; World Business Chicago; the Chemical Industry Council of Illinois; the Three Rivers Manufacturers' Association; and the Joliet Region Chamber of Commerce & Industry. In addition, on September 7, 2006 Governor John Hoeven of North Dakota wrote a letter to Governor Blagojevich urging support for Enbridge's application. In its letter, the U.S. Department of Energy urges approval, stating that "... expanding the oil pipeline system will provide increased energy security and economic benefits for both the State of Illinois and the nation as a whole." Other commentors, including the Illinois Petroleum Council, the Association of Oil Pipelines, and API point out the benefit to refineries, consumers, and businesses of receiving increased supplies of heavy crude from Alberta's oil sands. The Illinois Petroleum Marketers Association, which represents trucking and other companies that serve Illinois gas and service stations, also voices support for the Enbridge application, noting the benefits our projects will have on Illinois' refined product supply situation. The Illinois Chamber of Commerce and World Business Chicago, which represent businesses in Illinois, both urge recognition of Illinois as a critical energy hub and the value of the

Enbridge expansion in helping to assure Chicago and Illinois prominence as important parts of the nation's crude oil supply network. It is particularly notable that while users of refined products, such as jet fuel, are often removed from concerns about crude oil and refined product sources, United Airlines and American Airlines, major petroleum consumers, both recognize the value of access to increased imports from an economically and politically secure ally via Enbridge's System. Similarly, although the major impetus for the Enbridge expansion is the growing supply of crude from western Canada, Governor Hoeven of North Dakota voices support for our Application in recognition of the need for the Enbridge system's capacity to transport increased production from western North Dakota, which may be "trapped" in the Rockies if sufficient pipeline capacity is not available. Copies of these letters are appended as Attachments B, C, D, E, F, G, H, I, J, K, L, M, N, and O to this testimony.

10Q. IS THERE ANY REASON TO DOUBT ENBRIDGE'S FITNESS, WILLINGNESS, AND ABILITY TO CONSTRUCT THE PROPOSED FACILITIES AND TO PROVIDE COMMON CARRIER BY PIPELINE SERVICE?

A. I do not believe so. As shown in the Application, Enbridge has a long history of successfully constructing and operating common carrier pipelines and has done so in Illinois for decades. Enbridge is one of North America's largest independent pipeline systems -- that, is it is not owned by or affiliated with any oil producing or refining company. It operates thousands of miles of pipeline in the United States and Canada and delivers over 700 million of barrels of crude annually to refiners and processors through numerous states and provinces. Enbridge also owns and operates a number of natural gas

gathering, processing, and transmission systems in the Midwest and the Gulf of Mexico. Enbridge's willingness to serve is demonstrated by its commitment to expend well over \$2.0 billion to enhance its System and to construct the Southern Access and Southern Lights facilities in Canada and several American states in order to make increased supplies of Canadian crude available to American consumers. Enbridge's financial strength and access to capital markets in Canada and the United States, as discussed in the Application and the financial statements submitted therewith, demonstrate that it is capable of financing the expansion program and the Southern Lights Project and Enbridge is committed to both projects. Enbridge has constructed numerous crude petroleum pipelines, including two in Illinois (Lines 6A and 14/64), comparable to the newly proposed lines. As majority owner and operator, Enbridge also oversaw the construction of the Illinois portion of the Vector natural gas pipeline. It is thus experienced and knowledgeable in the process of successfully constructing major pipeline systems and does so -- and will do so -- in full compliance with all federal, state, and industry standards and requirements.

11Q. HOW CAN THE COMMISSION BE ASSURED THAT ENBRIDGE'S PROJECTS WILL SERVE THE PUBLIC CONVENIENCE AND NECESSITY AND THAT LANDOWNERS WILL BE PROTECTED AND TREATED FAIRLY IN THE RIGHT-OF-WAY ACQUISITION AND SYSTEM CONSTRUCTION PROCESSES?

A. First of all, I think Enbridge's success in constructing and operating Line 14/64 -- a crude petroleum line -- and the Vector pipeline, a natural gas pipeline -- in Illinois demonstrates that Enbridge understands the importance and dynamics of right-of-way acquisition and

229 pipeline construction. For both those lines, Enbridge -- technically its predecessor
230 Lakehead Pipeline and the jointly owned Vector Pipeline -- acquired all necessary federal
231 and state environmental permits and entered into Agricultural Impact Mitigation
232 Agreements (AIMA) with the Illinois Department of Agriculture to protect the
233 productivity of agricultural lands crossed by the pipelines. We have done so again for the
234 current projects: The Application filing included the draft AIMA for the Southern
235 Access, or 42-inch line, and that document has now been finalized and transmitted to all
236 landowners along the collocated Southern Access/Southern Lights route (a copy is
237 appended as Attachment P; a virtually identical agreement is being negotiated for the
238 Southern Lights route segment from Manhattan to the Streator/Ransom area). Moreover,
239 as explained in the Application and discussed in more detail in the testimony of Mr. Aller
240 (Enbridge Exhibit 2.0), our Senior Land & Right-of-Way Specialist in charge of right-of-
241 way acquisition, Enbridge has extensively studied and analyzed possible routes for both
242 the crude petroleum line and the diluent line in order to select pathways that minimize the
243 impact of both the construction and the operation of the pipelines on landowners and the
244 environment. Thus the Southern Access route has been studied for years and refined
245 through consultations with landowners, public representatives, and interested parties -- all
246 as part of Enbridge's process of working with landowners and stakeholders in
247 establishing rights-of-way. Similarly, the non-collocated portion of the Southern Lights
248 route has been carefully studied and refined by consultations with landowners and others.
249 For both routes, of course, Enbridge will obtain all necessary environmental reviews and
250 approvals (see Attachment D to Application) and will restore or mitigate any
251 environmentally sensitive areas affected. On an individual landowner or tract basis,

Enbridge, as Mr. Aller discusses, has been contacting landowners and providing information for many months, has furnished the required notices and information, provided landowner lists to the Illinois Department of Agriculture, distributed the Agricultural Impact Mitigation Agreement, and has begun making offers for the acquisition of right-of-way easements. Without duplicating Mr. Aller's testimony, I will note that it is the firm policy and intention of Enbridge to acquire the needed interests via negotiated agreements with landowners (as I noted above, our amendment seeks condemnation authority only as a matter of efficiency and economy of Commission proceedings). To that end, our offers to landowners are being based on professional assessments of land values in each area affected and on full fee values, rather than just the value of easement interests, which is generally all that is sought. In this way, we believe that reasonable agreements on fair compensation can and will be reached through productive, good-faith negotiations.

12Q. DOES THAT CONCLUDE YOUR TESTIMONY?

A. Subject to the opportunity to reply or respond to any opposition to our Application, it does.